

Topical Heading

Federal Student Aid

Program Title

William D. Ford Federal Direct Loan Program

CFDA # (or ED #)

4.268

Administering Office

Federal Student Aid (FSA)

Who May Apply (by category)

Individuals

Who May Apply (specifically)

- Direct Stafford: Individuals who are undergraduate, vocational, or graduate students accepted for enrollment at least half-time in participating schools.
- Direct Unsubsidized Stafford: Individuals who are undergraduate, vocational, or graduate students accepted for enrollment at least half-time in participating schools.
- Direct PLUS: Individuals who are parents of dependent students accepted for enrollment at least half-time in participating schools. Beginning July 1, 2006, graduate students also will be eligible.
- Direct Consolidation: Individuals who have outstanding student loans or those who have defaulted but have made satisfactory arrangements to repay the loan(s) (or who agree to pay under the income contingent repayment plan).

Type of Assistance (by category)

Loans

Appropriations

Fiscal Year 2004 \$169,375,000

Fiscal Year 2005 \$1,071,040,000

Fiscal Year 2006 \$598,897,000

Note: The appropriations amounts listed provide the federal subsidy costs associated with new Direct Loans for each fiscal year. Under current economic assumptions for the FY 2002, FY 2003, and FY 2004 loan cohorts, the Department anticipates that borrowers' repayments over the life of the loans will exceed the government's borrowing costs. This helps explain the negative amounts shown. It is the volume of loans made, however, that is often more relevant to those seeking student aid. Loan volume in FY 2005 was \$28.6 billion and in FY 2006 is estimated to be \$27.6 billion.

Fiscal Year 2006 Awards Information

Note: The Department is not bound by any estimates in this notice.

Amount of Aid Available: \$27,568,000,000

Amount of Aid Available represents the amount of funds awarded to participants in the Federal Student Aid programs. Depending upon the program, this total may include federal appropriated dollars, institutional or state matching dollars, and federal or private loan capital.

Number of New Awards Anticipated: See the following table for awards information.

Loan Type	Amount of Aid Available	Number of New Loans Anticipated	Average Award	Award Range
Direct Stafford	\$6,069,412,000	1,633,590	\$3,715	Up to \$8,500.
Direct Unsubsidized Stafford	\$5,227,261,000	1,193,561	\$4,380	Up to \$18,500.
Direct PLUS	\$2,576,830,000	265,291	\$9,713	Cost of attendance less other aid.
Direct Consolidation	\$13,694,126,000	542,938	\$25,222	N/A.

Legislative Citation

Higher Education Act of 1965, as amended, Title IV, Part D; 20 U.S.C. 1087a–1087j.

Program Regulations

34 CFR 685

Program Description

See the following table.

Loan Type	Characteristics	Interest Rate for New Loans as of July 1, 2006
Direct Stafford	Student is not liable for interest when in school and during periods of grace and deferment.	6.8%
Direct Unsubsidized Stafford	Student is liable for interest in school and during periods of grace and deferment.	6.8%
Direct PLUS	Enables parents to borrow to pay the costs of higher education for their dependent undergraduates and graduate students to pay their costs.	7.9%
Direct Consolidation	Combines one or more federal education loans into a single loan.	Weighted average of loans rounded upward to nearest 1/8%. Capped at 8.25%.

Interest rate for loans made before July 1, 2006: For Direct Stafford and Direct Unsubsidized Stafford, in-school rate is 91-day T-bill + 1.7%; in-repayment rate is 91-day T-Bill + 2.3%; both rates are capped at 8.25%. For Direct PLUS, in-repayment rate is 91-day T-Bill + 3.1% and is capped at 9%. For Direct Consolidation, see above.

In addition, certain new borrowers after Oct. 1, 1998, who teach for five consecutive years in qualifying schools serving low-income students may qualify for up to \$5,000—and, in the case of highly qualified mathematics, science, and special education teachers, up to \$17,500—in loan forgiveness.

Education Level (by category)

Postsecondary

Subject Index

Student Financial Aid, Student Loan Programs

Contact Information

Name: Federal Student Aid Information Center
Toll Free Telephone: (800) 433-3243 or (800) 4FED-AID

Links to Related Web Sites

<http://ifap.ed.gov>